

# **FISCAL NOTE**

## **SB 1874 - HB 1991**

March 24, 2003

**SUMMARY OF BILL:** Lowers the sales tax rate on food and food ingredients from 6% to 3% effective January 1, 2004.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Not Significant**  
**Decrease State Revenues - \$129,000,000 FY 03-04**  
**\$266,000,000 FY 04-05**

Estimate assumes:

- Provisions of the bill will be enacted midway through FY03-04; therefore, the first year decrease in state revenues is one-half of the full year impact.
- Sales tax collections on food sales are estimated to be 9.25% of overall sales tax collections.
- Sales tax collections in FY03-04 of \$5,578,600,000.
- For informational purposes, sales tax collections in FY04-05 are expected to grow 3% to an estimated \$5,746,000,000.
- In FY04-05, the provisions of the bill would be in effect for a full year and the decline in revenue to the state is estimated to be \$266,000,000.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director